

participating employee of any such Participating Company will be given at least thirty days' notice. The notice will advise the employee as to limitations of withdrawal and distribution rights and that the employee may elect to leave all units credited to the employee's account in the Trust until termination of employment or choose between several methods of distribution.

Pension Plan

If the Pension Plan should be terminated or changed or a Participating Company ends its participation, you will be entitled to any benefit you have accrued to the extent then funded, in the order of priority specified below.

The allocation and disposition of Plan assets will be in the order and to the extent required by Section 4044 of the Employee Retirement Income Security Act of 1974 (ERISA) and thereafter, to the extent permitted by the balance of the fund, in accordance with the individual's status as of the Plan's termination date, to make provision for payment of the following:

- First** *Pension payments for:*
- a. Service and Deferred Vested Pensions and designated annuitants on the pension roll,
 - b. designated annuitants of pensioners on the pension roll,
 - c. Service and Deferred Vested Pensions for employees who are entitled to receive a pension upon terminating service, including their designated annuitants, and
 - d. surviving spouses of eligible employees

***Fourth** Deferred Vested Pensions starting at age 65 to former employees who left the service of a Participating Company after May 31, 1969, had reached the age of forty years, and had a term of employment of fifteen or more years, but who were not eligible for retirement on Service Pension with Committee approval.

***Fifth** Deferred Vested Pensions starting at age 65 to former employees who left the service of a Participating Company:

- a. after January 1, 1976, and prior to January 1, 1987, when their years of service after age twenty-two were ten or more, but who were not eligible for a Service Pension, or
- b. on and after January 1, 1987, when their years of service were ten or more, but who were not eligible for a Service Pension, or
- c. on and after January 1, 1989, when their years of service were five or more, but who were not eligible for a Service Pension.

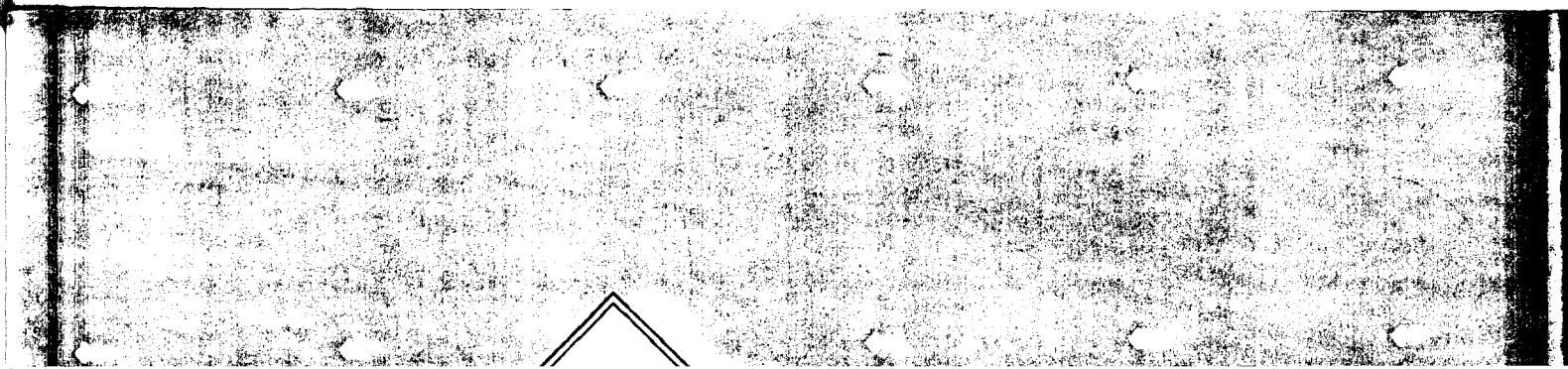
***Sixth** Deferred Vested Pensions starting at age 65 to all employees not referred to in First through Fifth above, who are participants in the Pension Plan and whose years of service were five or more.

**If the remaining balance is insufficient to provide the full amount of the computed pension to employees in this group, the amount of the payment to each person in the group shall be reduced pro rata.*

Any remaining balance in the Master Pension Trust

Appendix D

Financial Protection for You & Your Family: A Description of Benefits for Management Employees



OTHER IMPORTANT INFORMATION

This binder describes the highlights of your health, disability, life insurance, pension, savings and dependent care reimbursement plan benefits. It does not attempt to cover all the details. Specific details are contained in the official Plan Descriptions which regulate the operation of each plan. The Plan Description as listed in the chart entitled "Required Legal Information" legally governs the operation of each plan.

Each Plan Description, as well as the latest Annual Report of each plan's operations, Trust Agreements and such other instruments under which the plan was established or is operated, are available for examination by plan participants or beneficiaries. Your rights as a participant in these plans and access to documents relating to the plans are explained later in this section.

Continuance of Plans

Southwestern Bell Corporation intends to continue the plans described in this binder indefinitely but reserves the right to end or amend any or all of them at any time and for any reason. Each Participating Company also reserves the right to end its participation in these plans and to discontinue providing any and all such benefits at any time and for any reason.

If any of the plans should be terminated or changed or a Participating Company ends its participation or ceases to provide such benefits, you and other active or retired employees may not be eligible for or receive benefits as described in other sections of this binder, and it is possible that you will lose all benefit coverage. However, no plan termination or change will affect your right to any benefit to which you have already become entitled.

Not affecting your right to any benefit to which you have become entitled means, with respect to the CustomCare Medical Plan (including the HMO option), Dental Plan, Vision Plan and Dependent Care Reimbursement Plan, for example, that in the event of plan termination, you would be entitled to be reimbursed for any covered expense which has already been incurred under any such program. With respect to the group life insurance coverages and

disability benefits, this means that you will be entitled to the benefits as in effect at the time of the occurrence of the event which gives rise to payment of such benefits. This does not mean that you or any other active or retired employee will acquire a lifetime right to any such welfare plan benefit or to eligibility for coverage under any such welfare plan or to the continuation of any such welfare plan, merely by reason of the fact that such benefit or plan was in existence during your employment or at the time of your retirement.

Certain of these plans contain additional specific provisions relating to plan termination. Following are the provisions for those plans.

Group Life Insurance

Basic Life Insurance, Accidental Death or Dismemberment Insurance, and Additional Accidental Death Insurance benefits under the Group Life Insurance Program may be terminated by the insurance company on December 31 of any year, if at that time less than 75% of eligible active and retired employees are enrolled.

Supplementary Life Insurance benefits under the Supplementary Group Life Insurance Program may be terminated by the insurance company on any anniversary of the effective date of the Supplementary Group Life Insurance Program, if in the sole judgement of the insurance company providing the supplementary insurance a sufficient number of eligible active and retired employees are not then enrolled.

Dependent Life Insurance benefits under the Dependent Group Life Insurance Program may be terminated by the insurance company on the day before any premium due date under the group policy, if at that time less than 20% of eligible employees are enrolled.

A Retirement Funding Account is maintained to accumulate a fund to be used to pay all or a portion of the costs for continuing life insurance protection for retired employees and such reserve has been accumulated as a result of employer contributions in advance of employee retirements. If the group policy

should be discontinued, the fund shall be utilized to continue Basic Life Insurance, to the extent described below, for the following classes of employees who were insured on the date of discontinuance:

- (a) Employees who are retired on a Service Pension under the Southwestern Bell Corporation pension plans and employees who have been granted a Disability Pension under the Southwestern Bell Corporation pension plans;
- (b) Employees who are eligible to retire under the Southwestern Bell Corporation pension plans; and
- (c) Employees who are not eligible to retire under

estimated present value of all mortality, expense and risk charges equals the Retirement Funding Account less the estimated present value of all mortality, expense and risk charges on employees in classes (a) and (b), such class (c) employees to be determined by completed years of Net Credited Service and by attained age, with priority given to greater length of service and then to older attained ages within the same length of service.

Savings Plan for Salaried Employees

Southwestern Bell Corporation, by action of the Board of Directors, may at any time terminate the making of allotments from pay of all employees

notice shall advise the employee as to limitations of withdrawal and distribution rights and that the employee may elect to leave all units credited to the employee's account in the Trust until termination of employment or choose between several methods of distribution.

Management Pension Plan

If the Management Pension Plan should be terminated or changed or a Participating Company ends its participation, you will be entitled to any benefit you have accrued to the extent then funded, in the order of priority as specified below.

The allocation and disposition of Plan assets will be in the order and to the extent required by Section 4044 of the Employee Retirement Income Security Act of 1974 (ERISA) and thereafter, to the extent permitted by the balance of the fund, in accordance with the individual's status as of the Plan's termination date, to make provision for payment of the following:

First *Pension payments for:*

- a. Service and Deferred Vested Pensions and designated annuitants on the pension roll,
- b. designated annuitants of pensioners on the pension roll,
- c. Service and Deferred Vested Pensions for employees who are entitled to receive a pension upon terminating service, including their designated annuitants, and
- d. surviving spouses of eligible employees who died while in active service.

Second *Death benefits for:*

- a. deaths occurring prior to date of termination of Plan,
- b. retired employees on pension roll, and

***Fifth** Deferred Vested Pensions starting at age 65 to former employees who left the service of a Participating Company:

- a. after January 1, 1976, and prior to January 1, 1985, when their calendar years of service after age twenty-two were ten or more, but who were not eligible for a Service Pension, or
- b. on and after January 1, 1985, and prior to January 1, 1987, when their calendar years of service after age eighteen were ten or more, but who were not eligible for a Service Pension, or
- c. on and after January 1, 1987, when their calendar years of service were ten or more, but who were not eligible for a Service Pension, or
- d. on and after January 1, 1989, when their years of service were five or more, but who were not eligible for a Service Pension.

***Sixth** Deferred Vested Pensions starting at age 65 to all employees not referred to in First through Fifth above, who are participants in the Management Pension Plan and whose years of service were five or more.

**If the remaining balance is insufficient to provide the full amount of the computed pension to employees in this group, the amount of the payment to each person in the group shall be reduced pro rata.*

Any remaining balance in the Master Pension Trust after making adequate provision for the full amount of payments specified above, shall be applied solely for pension purposes in an equitable manner consistent with the purposes of the Management Pension Plan.

The Company reserves the right to make provision out of the Master Pension Trust for any pensions listed above through the purchase of annuities from

Appendix E

My Retirement

My Retirement



**Southwestern Bell
Corporation**

and Participating Subsidiaries

CONTINUANCE OF PLANS

Southwestern Bell Corporation intends to continue the plans described in this binder indefinitely but reserves the right to end or amend any or all of them at any time and for any reason. Each participating subsidiary also reserves the right to end its participation in these plans and to discontinue providing any and all such benefits at any time and for any reason.

If any of the plans should be terminated or changed or a participating subsidiary ends its participation or ceases to provide such benefits, you may not be eligible for or receive benefits as described in other sections of this binder, and it is possible that you will lose all benefit coverage. However, no plan termination or change will affect your right to any benefit to which you have already become entitled. Not affecting your right to any benefit to which you have already become entitled means, with respect to the CustomCare Medical Plan (including the HMO option), Dental Plan, and Vision Plan, for example, that in the event of plan termination, you would be entitled to be reimbursed for any covered expense which has already been incurred under any such program. With respect to the group life insurance coverages and disability benefits, this means that you will be entitled to the benefits as in effect at the time of the occurrence of the event which gives rise to payment of such benefits. This does not mean that a retiree will acquire a lifetime right to any such welfare plan benefit or to eligibility for coverage under such welfare plan or to the continuation of any such welfare plan merely by reason of the fact that such benefit or plan is in existence at the time of the employee's retirement.

Appendix F

**Letter form Victor C. Crawley, Vice President,
District 6, Communication Workers
of America, AFL-CIO to James Quello,
Chairman, Federal Communications Commission**

Communications
Workers of America
AFL-CIO

VICTOR C. CRAWLEY, VICE PRESIDENT
2334 OLIVE STREET
ST. LOUIS, MO 63103
314/421-2211 - 314/231-4990
FAX: 314/241-0213

DISTRICT 6
ARKANSAS, KANSAS,
MISSOURI, OKLAHOMA,
TEXAS



June 18, 1993

The Honorable James Quello
Chairman
Federal Communications Commission
1919 M Street, N.W., Room 814
Washington, D.C. 20554

Dear Chairman Quello:

As the head of the Communications Workers of America (CWA) in the five states served by Southwestern Bell Telephone Company (SWBT), I would like to reemphasize the CWA's support of Southwestern Bell's July 1 access tariff which seeks to recover the costs associated with Other Post-Employment Benefits (OPEB) as an exogenous item under the Price Cap Plan.

On June 3, I, along with Gary Lucas, the Company's bargaining chairman, met with your staff regarding the "control issue" related to OPEB. I stated my position that the Company has no unilateral control over these costs. I also pointed out that the CWA has bargained hard during numerous rounds of collective bargaining to ensure that all SWBT employees and retirees have available the current CustomCare Medical Plan. As I indicated on June 3, this Medical Plan is of such importance that the CWA has from time to time agreed to a lesser level of wages and pensions so as to retain that Plan as presently structured.

Appendix G

OPEB Cost Tracking Report

OPEB Cost Tracking Report
(Dollar Amounts in Millions)

- | | |
|---|-----------|
| 1. TBO at time of Implementation ¹ | \$2,756.9 |
| 2. Current Year Valuation of TBO ² | |
| 3. Difference ³ [(2) - (1)] | |
| 4. Percent Change in TBO [(3) / (1)] | |
-

If the Current Year TBO, Line 2 is less than Line 1 and the percentage reduction in the TBO, Line 4 is greater than 10%, then complete the following.

- | | |
|--|--|
| 5. Remaining Number of Years of Amortization of TBO | |
| 6. Annual Effect of Difference [(3) / (5)] | |
| 7. Amortization of TBO (at time of Prior Exogenous Amount) | |
| 8. Revised Amortization of TBO [(7) + (6)] | |
| 9. Current Exogenous Amount ⁴ | |
| 10. Adjusted Exogenous Amount ⁵ | |
| 11. Difference [(10) - (9)] | |
-

¹ Transition Benefit Obligation (TBO) at the time of the exogenous amount reflected in price cap indexes.

² Determined by calculating the revised TBO using the same actuarial study used to develop the prior exogenous amount (Line 1) estimate updated for any changes in plan provisions and actuarial assumptions. Notification of material changes are required to be disclosed annually in the SFAS 106 components of Accumulated Change in Prior Service Cost and Actuarial Gains and Losses. The Securities and Exchange Commission (SEC) and the Financial Accounting Standards Board (FASB) require these changes (a description of any such change and the dollar value of the change) be reported in the SEC 10-Q and 10-K Reports. Attach a copy of the current year 10-K.

³ Attach description of the nature of the change and a quantification.

⁴ Exogenous amount reflected in current price cap indexes.

⁵ Revised exogenous amount calculated using the adjusted TBO amount shown in Line 8 above. Attach worksheets containing calculation of revised exogenous amount. This estimate would utilize the same separations ratios and other ratios utilized at the time that Lines 1 and 9 above were determined.

**USTA Ex Parte That Demonstrates That
Pay-As-You-Go Amounts and Any Accrual
Accounting for OPEB Amounts Have Been
Excluded From Exogenous Amounts**

CC Docket No. 92-101 -- Exogenous Treatment of Incremental SFAS 106 Costs

Dollar Amounts in Millions, 1993 Calendar Year (unless noted otherwise) Totals may not add exactly due to rounding.

	Ameritech	Bell Atl (91 data)	BellSou	GTE	NYNEX Low Est.(6)	NYNEX High Est.(6)	Pacific	Roch. (7)	SNET	SWBT	United	US West
A. Service Cost	70.8	55.5	31	67.9	34.7	91.9	44.9	3.4	4.4	43.5	12.7	61.4
B. Interest Cost	238.5	247.7	198	210.1	212.9	320.6	233.8	11.2	27.1	231.7	40.3	231.6
C. Return on Plan Assets	61.2	49.8	82	10.1	35.3	35.3	38.8	0.3	4.5	19.7	0.0	16.6
D. Amortization of TBO	136.0	150.0	63	127.0	150.0	193.9	154.1	6.9	14.3	171.0	25.6	127.4
E. SFAS 106 Accrual (A+B-C+D)	384.1	403.4	210	395.0	362.3	571.1	394.0	21.3	41.3	426.5	78.6	403.8
F. Cash Claims Payments for Retirees (Pay-As-You-Go)	168.2	66.8	25	66.6	184.1	184.1	53.0	3.5	26.0	143.6	15.8	121.6
G. VEBA Funding (see notes 1 - 4)	79.1	126.5	166	123.8	0.0	0.0	137.6	0.0	0.0	0.0	0.0	61.4
H. Other	0.0	106.7	0	10.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
I. Total Current Cost (F+G+H)	247.3	302.0	191	99.5	184.1	184.1	190.7	3.5	26.0	143.6	15.8	183.0 0.0
J. SFAS 106 less Current Acctg. (E-I) (see note 8)	136.8	101.4	19	295.5	178.2	387.0	203.4	17.8	15.3	282.9	62.7	220.8
K. Interstate Price Cap Revenue Requirement (related to J)	19.9	19.2	0.9	65.0	26.9	69.4	26.1	2.6	2.3	44.1	10.9	44.6
L. Interstate Exogenous Cost	16.9	19.2	0.8	55.3	24.5	58.9	26.4	2.7	2.0	37.4	9.3	36.1
M. Ratio of L to K (see note 5)	85%	100%	85%	85%	85%	85%	94%	95%	85%	85%	85%	85%

Notes:

1. For Pacific Bell and Nevada Bell, approximately \$61M is expected to be paid out of bargained-for VEBAs (from row G, VEBA funding) to settle claims for retirees in 1993.
2. For BellSouth, approximately \$125 M is expected to be paid out of VEBAs to settle claims for retirees in 1993 (similar to note 1).
3. For Bell Atlantic, \$ 78.3M was paid out of trusts to settle claims for retirees in 1991 (similar to note 1).
4. For GTE, the \$123.8 of VEBA funding for 1993 does not represent an expense on its income statement, and is not added to row I, Total Current Cost.
5. Bell Atlantic data is for 1991. Bell Atlantic reduced its exogenous amount for GNP-PI effects beginning in 7-1-92. (See Bell Atlantic's Direct Case and tariff filing.)
6. The range of estimates for the NYNEX Telephone Companies SFAS 106 accruals and incremental interstate revenue requirement provided herein differs from the range reported in the NYNEX Direct Case. Since NYNEX is currently analyzing all aspects of SFAS 106, these estimates could change at the time of adoption and the forthcoming tariff filing. The above NYNEX estimates are consistent with NYNEX's latest SEC disclosure regarding SFAS 106. The revised range of estimates includes an update for actual 1991 medical claims experience and certain changed actuarial assumptions.
7. For Rochester, amounts include Rochester Telephone and Vesta Telephone.
8. For US West, this does not include \$0.6 M of Depreciation Expense in the SFAS 106 accrual amount.

Appendix I

**Demographic Data Requested in the
June 22, 1993 MO&O**

Towers Perrin

July 19, 1993

Mr. Jeff Olson
Area Manager - Federal Docket Matters
Southwestern Bell Telephone Company
One Bell Center, Room 38-K-7
St. Louis, Missouri 63101

Dear Mr. Olson:

Re: SOUTHWESTERN BELL TELEPHONE COMPANY OPEB BENEFITS

In response to your request, enclosed is the following information relative to our 1993 actuarial valuation of OPEB benefits for Southwestern Bell Telephone Company:

- | | |
|-----------|---|
| Exhibit A | Active plan participant summary as of January 1, 1993, showing: <ul style="list-style-type: none">— age/service distribution— average attained age— average accrued service— average projected age at retirement based on the actuarial assumptions employed for valuation purposes— average projected service at retirement based on the actuarial assumptions employed for valuation purposes |
| Exhibit B | Retired plan participant summary as of January 1, 1993, showing: <ul style="list-style-type: none">— distribution of retirees by attained age— average attained age of retirees under age 65— average attained age of retirees age 65 and over— average age of all retirees |
| Exhibit C | Retirement rate assumptions <ul style="list-style-type: none">— actual probability tables used in January 1, 1993 actuarial valuation— excerpt from Mercer study which established rates |

Mr. Jeff Olson
July 19, 1993
Page 2.

Towers Perrin _____

Exhibit D Average age at retirement for current retirees by year of retirement

If you have questions or require additional information, please let me know.

Sincerely,



J. Ronald Parker, A.S.A., M.A.A.A.
Principal

JRP:pjs
11482:C:P1.433.93

Enclosures

cc: Mr. Gary M. Gross — Towers Perrin/San Antonio
 Mr. Joseph M. Vogl — Towers Perrin/St. Louis

SOUTHWESTERN BELL TELEPHONE COMPANY
POSTRETIREMENT HEALTH BENEFITS VALUATION
Active Total Participant Summary
January 1, 1993

<u>Age/ Service</u>	<u>0-4</u>	<u>5-9</u>	<u>10-14</u>	<u>15-19</u>	<u>20-24</u>	<u>25-29</u>	<u>30+</u>	<u>Total</u>
<20	19	0	0	0	0	0	0	19
20-24	533	9	0	0	0	0	0	542
25-29	897	372	114	0	0	0	0	1,383
30-34	696	675	4,730	74	0	0	0	6,175
35-39	512	354	4,654	4,890	370	0	0	10,780
40-44	445	176	2,470	4,877	6,310	426	0	14,704
45-49	221	76	1,070	1,796	3,996	2,623	119	9,901
50-54	64	37	429	455	879	1,296	793	3,953
55-59	34	25	218	171	310	244	762	1,764
60-64	13	3	54	98	92	60	293	613
65+	<u>1</u>	<u>0</u>	<u>10</u>	<u>10</u>	<u>5</u>	<u>2</u>	<u>30</u>	<u>58</u>
Total	3,435	1,727	13,749	12,371	11,962	4,651	1,997	49,892

Average age:	41.6 years
Average service:	17.5 years
Average projected age at retirement:	57.4 years
Average projected service at retirement:	33.3 years

**SOUTHWESTERN BELL TELEPHONE COMPANY
POSTRETIREMENT HEALTH BENEFITS VALUATION
Retired Total Participant Summary**

January 1, 1993

<u>Age</u>	<u>Total</u>
<45	207
45-49	1,291
50-54	2,313
55-59	3,343
60-64	<u>6,035</u>
Total<65	13,189
65-69	7,303
70-74	4,506
75-79	2,201
80-84	1,902
85-89	1,478
90+	<u>568</u>
Total>65	17,958
Total All	31,147

Average age under 65:	58.0 years
Average age over 65:	73.8 years
Average age total:	67.1 years

SOUTHWESTERN BELL TELEPHONE COMPANY
POSTRETIREMENT HEALTH BENEFITS VALUATION
Annual Rates of Retirement – Management Employees

<u>Age</u>	<u>Male with following</u> <u>years of service:</u>		<u>Female with following</u> <u>years of service:</u>	
	<u>20-29</u>	<u>30+</u>	<u>20-29</u>	<u>30+</u>
45	N/A	.050	N/A	.100
46	N/A	.050	N/A	.100
47	N/A	.050	N/A	.100
48	N/A	.050	N/A	.100
49	N/A	.050	N/A	.100
50	.020	.050	.050	.100
51	.030	.050	.070	.125
52	.040	.050	.100	.150
53	.050	.050	.130	.175
54	.060	.080	.160	.200
55	.100	.120	.190	.225
56	.120	.160	.220	.250
57	.140	.200	.250	.275
58	.160	.240	.280	.300
59	.180	.280	.310	.325
60	.200	.320	.340	.350
61	.250	.360	.370	.375
62	.400	.400	.400	.400
63	.400	.400	.400	.400
64	.400	.400	.400	.400
65	.400	.400	.400	.400
66	.400	.400	.400	.400
67	.400	.400	.400	.400
68	.400	.400	.400	.400
69	.400	.400	.400	.400
70	1.000	1.000	1.000	1.000

SOUTHWESTERN BELL TELEPHONE COMPANY
POSTRETIREMENT HEALTH BENEFITS VALUATION
Annual Rates of Retirement – Nonmanagement Employees

<u>Age</u>	<u>Male with following</u> <u>years of service:</u>		<u>Female with following</u> <u>years of service:</u>	
	<u>20-29</u>	<u>30+</u>	<u>20-29</u>	<u>30+</u>
45	N/A	.050	N/A	.100
46	N/A	.050	N/A	.100
47	N/A	.050	N/A	.100
48	N/A	.050	N/A	.100
49	N/A	.050	N/A	.100
50	.020	.050	.060	.100
51	.030	.050	.070	.100
52	.040	.050	.080	.100
53	.060	.070	.090	.100
54	.070	.090	.100	.120
55	.080	.110	.160	.140
56	.090	.130	.160	.160
57	.120	.150	.160	.180
58	.130	.170	.160	.180
59	.150	.190	.180	.220
60	.160	.210	.200	.240
61	.190	.280	.220	.260
62	.350	.350	.350	.350
63	.350	.350	.350	.350
64	.350	.350	.350	.350
65	.350	.350	.350	.350
66	.350	.350	.350	.350
67	.350	.350	.350	.350
68	.350	.350	.350	.350
69	.350	.350	.350	.350
70	1.000	1.000	1.000	1.000

SECTION III-2

Retirement Rates

Basis of Analysis

The retirement rates specify the assumed probability that a given employee will retire within the following year. For most plans, these probabilities are higher for older employees and generally higher for females than males. Accordingly, retirement rates usually vary by age and sometimes by sex. In addition, probabilities of retirement usually are higher where employees have sufficient service to qualify for early retirement subsidies.

Currently, the Southwestern Bell plans use four different sets of retirement rates, with separate tables for each pension plan and for each sex. The current tables are shown in Section V. The current tables do not vary by service.

Because of the additional retirement subsidies for employees with 30 years of service, higher rates of retirement are plausible for employees with 30 years. Accordingly, we separately reviewed experience for employees with 20-29 years of service and with 30 or more years of service.

Study Period

We reviewed retirement rate experience for the six-year period January 1, 1985 to December 31, 1990. For several reasons, we concluded that this period was more appropriate than the five-year period used for salary increase analysis. First, we noted that Southwestern Bell instituted force reduction plans for Management employees at both the beginning and the end of the shorter five year period. We chose a longer study period to smooth out the resulting distortions. Second, we observed that roughly 40% of all 1986-90 retirements occurred in 1987, with much lower rates of retirement in 1988-89. We chose a longer study period to give less weight to the experience in 1987.

Historical Experience

The four pages of graphs below summarize the 1985-90 experience for Management and then Nonmanagement employees separately for Male and Female. On each page, the experience for one plan and sex is analyzed in separate graphs for employees with 20-29 years of service in the top graph versus 30 or more years in the bottom graph. Each graph plots current experience against the current assumptions and against proposed new tables.

The current rates are consistent with experience rates for males with 20-29 years of service, but experience rates are higher than current rates for females and much higher for employees with 30 years.

New Assumption

We recommend new retirement rate tables as summarized on the graphs and documented in Section IV. In these new tables, we made the following changes to the old rates:

- All employees age 62-69 For these ages where experience is sparse, dramatically simplify the tables, using a flat 40% rate for Management and 35% for Nonmanagement
- Males with 20-29 years service Make only slight simplifications and rounding changes to the current tables
- Males with 30+ years service and all Females Raise the rates, but not all the way to the experience rates, since the experience has possibly been distorted by recent force reduction programs

As an additional way to compare these various rates of retirements, the table below uses the annual rates to compute the probability that an employee age 50 will retire at or before age 55, ignoring death and disability.

<u>Plan</u>	<u>Sex</u>	<u>Years of Service</u>	<u>Current Assumptions</u>	<u>Proposed Assumption</u>	<u>Experience</u>
Management	Male	20-29	20%	19%	27%
		30+	20	25	47
	Female	20-29	32	42	66
		30+	32	56	69
Nonmanagement	Male	20-29	20	20	26
		30+	20	27	41
	Female	20-29	29	34	43
		30+	29	42	61

SOUTHWESTERN BELL TELEPHONE COMPANY
Average Age at Retirement By Retirement Year

<u>Year of Retirement</u>	<u>Average Age</u>
Before 1980	57.9
1980	57.4
1981	57.2
1982	57.6
1983	57.6
1984	57.7
1985	57.8
1986	57.8
1987	57.0
1988	57.4
1989	57.3
1990	56.9 *
1991	55.7 *
1992	<u>52.9</u> *
All	56.8

* Retirement age reflects early retirement programs.